

P-401/CP-89-951 ORDER ESTABLISHING COMMENT AND REPLY PROCEDURE

BEFORE THE MINNESOTA PUBLIC UTILITIES COMMISSION

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Chair  
Commissioner  
Commissioner  
Commissioner  
Commissioner

In the Matter of a Petition for  
Extended Area Service From the  
Hokah Exchange to the La Crosse,  
Wisconsin Calling Area

ISSUE DATE: July 16, 1991

DOCKET NO. P-401/CP-89-951

In the Matter of the Petition of  
Certain Subscribers in the  
Northfield Exchange for Extended  
Areas Service to the  
Minneapolis/St. Paul  
Metropolitan Calling Area

DOCKET NO. P-421/CP-87-352

In the Matter of the Petition of  
Certain Subscribers in the  
Cannon Falls Exchange for  
Extended Areas Service to the  
Minneapolis/St. Paul  
Metropolitan Calling Area

DOCKET NO. P-407,421/CP-87-216

ORDER ESTABLISHING COMMENT AND  
REPLY PROCEDURE

**PROCEDURAL HISTORY**

On August 20, 1990, the Commission issued an order in the Metro EAS Case<sup>1</sup> directing the interexchange carriers (IXCs) serving the Northfield and Cannon Falls exchanges to file certain traffic information. With respect to the Northfield exchange, the Commission required the IXCs serving that exchange to file information regarding calls from the Northfield exchange to the metropolitan calling area (MCA) to allow the Commission to determine whether at least 50% of the Northfield subscribers made one or more calls per month to the MCA. With respect to the Cannon Falls exchange, the Commission directed the IXCs serving

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<sup>1</sup> In the Matter of the Petitions of Certain Subscribers in the Exchanges of Zimmerman, Prescott, Waconia, Belle Plaine, North Branch, Lindstrom, New Prague, Cambridge, Hudson, Houlton, LeSueur, Cannon Falls, Delano, Northfield, Buffalo, and Watertown for Extended Area Service to the Minneapolis/St. Paul Metropolitan Calling Area, Docket No. P-421, 405, 407, 430, 426, 520, 427/CI-87-76, ORDER REQUIRING THE FILING OF TRAFFIC STUDIES AND GRANTING TIME EXTENSION (August 20, 1990).

that exchange to give traffic information for calls from Cannon Falls to the MCA and from the MCA to Cannon Falls to the LEC serving Cannon Falls and the LECs serving the MCA so the LECs could complete their cost studies for the Cannon Falls exchange.

Subsequently, four IXCs responded: Telecom USA, MidAmerican Communications, MCI Communications, and AT&T Communications of the Midwest, Inc.

On April 22, 1991, the Minnesota Department of Public Service (the Department) requested that the Commission interpret Minn. Stat. § 237.161, subd. 3 (b) (1990) and order the IXCs serving the three petitioning exchanges involving EAS petitions in which the proposed routes cross LATA boundaries (Northfield, Cannon Falls and Hokah) to file toll contribution studies.

On May 6, 1991, the Commission issued a letter to each of the LECs serving these three exchanges (Northfield, Cannon Falls and Hokah) requesting the name of each IXC serving the proposed routes.

On June 25, 1991, the Commission met to consider this matter.

### **FINDINGS AND CONCLUSIONS**

The Northfield, Cannon Falls and Hokah EAS petitions are grouped together for treatment in this Order because the petitioned EAS routes would cross LATA boundaries. The Commission has not previously considered the special problems of routes crossing LATA boundaries since the enactment of Minn. Stat. § 237.161, subd. 3 (b) (1990). Because telephone traffic must be carried across LATA boundaries by IXCs, these proposed LATA-crossing EAS routes require consideration of how IXCs will be treated in the EAS process.

For all non-metropolitan exchanges including Northfield, Cannon Falls and Hokah, the new EAS statute requires that the Commission determine that the petitioning exchange is adjacent to the petitioned exchange, that a majority of the subscribers in the petitioning exchange make one or more calls per month to the petitioned exchange, and that a majority of subscribers responding to a poll support the proposed EAS. Before conducting the polling, the Commission must determine EAS rates to be used in polling based on cost studies from the affected companies that includes information from the IXCs regarding the traffic they carry between the petitioning and petitioned exchanges.

For non-metropolitan exchanges whose EAS routes cross LATA boundaries such as Northfield, Cannon Falls and Hokah there is an

additional issue: whether the IXCs carrying traffic between the petitioning and petitioned exchanges are "affected companies" entitled to EAS rates that leave them income neutral pursuant to Minn. Stat. § 237.161, subd. 3 (b) (1990) and, if so, what process should be followed to insure their income neutrality.

The Commission has already established that 50% or more of the subscribers of each petitioning exchange make one or more calls to the petitioned exchanges, as required by Minn. Stat. § 237.161, subd. 1 (a) (3) (1990). Now, the Commission must establish EAS rates that are income neutral to "affected telephone companies". Minn. Stat. § 237.161, subd. 3 (b) (1990).

The Commission recognizes that technical factors may make the determination of traffic and contribution very difficult questions in these three petitions, which involve routes that cross LATA boundaries. Compounding the Commission's concern, the cooperation to-date of several IXCs carrying traffic between the Northfield and Cannon Falls exchanges and the MCA in response to the Commission's August 20, 1991 Order seeking traffic data from the IXCs has been less than complete. These considerations suggest that a special effort will be required to determine whether there are any IXCs that are "affected telephone companies" and, if so, how EAS rates can be set to assure income neutrality to those companies.

Accordingly, the Commission will establish a comment and reply process and require all IXCs to participate.

#### ORDER

1. Within 30 days of this Order, every interexchange company (IXC) shall make a filing that
  - a. certifies that the company has examined its records to determine what traffic, if any, that it carries
    - 1) from the petitioned exchanges to the petitioning exchanges; and
    - 2) from the petitioning exchanges to the petitioned exchanges; and
  - b. reports the results of that examination, i.e. the specific level of traffic it carries between the petitioning exchanges and the petitioned exchanges;

- c. explains why, with respect to the Northfield, Cannon Falls, and Hokah EAS petitions, it is or is not an "affected telephone company" for purposes of Minn. Stat. § 237.161, subd. 3 (b) (1990); and
  - d. proposes the methodology it would use in a study to determine contribution amounts. The proposed methodology shall indicate the appropriate period of time that would be examined in determining contribution amounts.
- 2. Within 30 days of this Order, every IXC that considers itself an "affected telephone company" with respect to the Northfield, Cannon Falls, and Hokah EAS petitions for purposes of Minn. Stat. § 237.161, subd. 3 (b) (1990), every involved local exchange company, and the Minnesota Department of Public Service (the Department) shall address how income neutrality is to be achieved.
  - 3. Within 15 days of the filing of these comments, any party wishing to file written responses to these comments shall do so.
  - 4. This Order shall become effective immediately.

BY ORDER OF THE COMMISSION

Richard R. Lancaster  
Executive Secretary

(S E A L)